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Moore & Van Allen

October 27, 2005

Christopher B. Major
Attorney at Law

VIA UPS EXPRESS

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OCT 28 2005

Moore & Van Allen PLLC

Mr. Charles Terreni
Chief Clerk Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

PSC SC
DOCKETING DEPT.

Suite 4700
100 North Tryon Street
Charlotte, NC 28202-4003

10/28/05
tod

Re: Application of Piedmont Natural Gas Company, Inc. for Waiver of Commission Rule 103-440(5)

2005-349-G

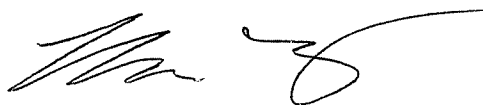
Dear Mr. Terreni:

Enclosed please find an original and 26 copies of an *Application of Piedmont Natural Gas Company, Inc. for Waiver of Commission Rule 103-440(5)*. Please accept the original and 25 copies for filing and return the additional "file-stamped" copy in the enclosed self-addressed stamped envelope.

Thank you for your assistance with this matter. If you have any questions about this filing you may reach me at the number shown above.

Sincerely,

Moore & Van Allen, PLLC



Christopher B. Major

CBM/bao

Enclosures

c: Mr. Benjamin P. Mustian, ORS (5 copies) via UPS Express
Mr. Kim Cocklin
Mr. Chuck Fleenor

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2005 OCT 28 AM 10:27
SC PUBLIC SERVICE
COMMISSION

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 2005-349-G

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SOUTH CAROLINA
PUBLIC SERVICE COMMISSION

In the Matter Of)

Application of Piedmont Natural Gas)
Company, Inc. for Waiver of Commission)
Rule 103-440(5))

PETITION

Piedmont Natural Gas Company, Inc. ("Piedmont"), through counsel, hereby requests approval by the Public Service Commission of South Carolina ("Commission") of a partial waiver of Commission Rule 103-440.5 in order to permit Piedmont to implement an expanded equal payment plan for the winter 2005-2006 heating season. Specifically, Piedmont requests waiver of the requirement to utilize estimated annual bills as the basis for calculating monthly equal payment plan payments consistent with the expansion of its eligibility criteria for equal payment plan participation this winter as described below. The purpose of the requested waiver is to facilitate expanded eligibility provisions for Piedmont's equal payment plan during the upcoming winter heating season in order to afford low to moderate income customers with additional payment options for anticipated high natural gas bills this winter. In support of this request, Piedmont respectfully shows unto the Commission as follows:

1. Any notices or other communications with respect to this Petition should be sent to:

Kim R. Cocklin
Senior Vice President and General Counsel
Piedmont Natural Gas Company, Inc.
P.O. Box 33068
Charlotte, NC 28233
Telephone: (704) 364-3120

And

Christopher Major
James H. Jeffries IV
Moore & Van Allen PLLC
Bank of America Corporate Center
100 North Tryon Street, Suite 4700
Charlotte, North Carolina 28202-4003
Telephone: (704) 331-1079

2. Piedmont is incorporated under the laws of the state of North Carolina and is duly authorized by its Articles of Incorporation to engage in the business of transporting, distributing and selling natural gas. It is duly domesticated and is engaged in conducting the business above-mentioned in the states of South Carolina, North Carolina and Tennessee. Piedmont is a public utility under the laws of this State, and its public utility operations in South Carolina are subject to the jurisdiction of this Commission.

3. Piedmont currently operates an equal payment plan mechanism for South Carolina customers pursuant to which eligible residential customers are able to equalize their monthly charges for annual gas service provided by Piedmont. For low to moderate income customers, and those living on a fixed income, this option reduces the risk that winter heating bills will be higher than the amount of income available for the payment of these expenses within individual customer monthly budgets. As a result, the potential for customer disconnection due to failure to pay natural gas bills is reduced.

4. At present, Piedmont's equal payment plan may only be elected if a customer is in good standing with the company and is current in his or her payments due the company for service previously rendered. As a practical matter, this means that customers that are not already on the plan but that are experiencing difficulty in paying their winter bills are, in most cases, not eligible for entry into such plans.

5. In anticipation of abnormally high natural gas heating bills this winter, it is possible that many South Carolina customers who would not normally fall behind in their

payments may find themselves unable to fully pay their monthly natural gas heating bills when due. Under this circumstance, there are a number of existing programs available to mitigate the risk of service termination including making individual payment arrangements with Piedmont and utilizing assistance from various social agencies. Typically, however, the option to change billing methods to an equal payment plan is not available in these circumstances because by the time a customer realizes they cannot pay their bill, they are unable to meet the requirement to pay all existing balances as a prerequisite to entry into the plan.

6. In order to widen the availability of equal payment plan arrangements for the upcoming winter and expand the benefit of this program to additional customers, Piedmont intends to implement, for the period November 1, 2005 through March 31, 2006, the following additional mechanisms with respect to its existing billing and equal payment plan programs:

- A. Customers who are in good standing as of November 1, 2005, and who fail or are unable to make full payment of amounts due for natural gas service rendered on or after November 1, 2005, shall be eligible to enroll in Piedmont's equal payment plan.
- B. The calculation of monthly amounts due under Piedmont's equal payment plan shall include any past due balance and shall be generally calculated in conformance with Piedmont's existing plan provisions, except that monthly payments shall be based on a plan period ending September 30, 2006.
- C. If elected by the customer, the equal payment plan billing methodology provided hereunder shall remain in effect until October 1, 2006.
- D. So long as customers who have elected to convert to the equal payment plan provisions described herein make their monthly payment, their service will not be terminated this winter.

7. Piedmont believes that it has the authority to implement the majority of these changes to its billing practices, for the benefit of its customers, without Commission approval; however, one aspect of its proposed modifications appears to require a partial waiver of Commission Rule 103-440.5.

8. Commission Rule 103-440.5, which addresses equal payment plans offered by South Carolina natural gas utilities provides, in part, that “[a] gas utility may provide equal payment plans, wherein the charge for each billing period is the estimated total annual bill divided by the number of billing periods prescribed by the plan.” (emphasis added).

9. Under Piedmont’s proposed plan revisions, the balance to be spread over the terms of the revised plan shall be based on the period from the customer’s election of such plan through September 30, 2006. This period is different from the annual period prescribed by Commission Rule 103-440.5. In order to implement its proposed plan modifications for this winter, Piedmont requests waiver of this aspect of Rule 103-440.5.

10. Piedmont believes that the modifications to its equal payment plan recited above represent a substantial benefit to low to moderate income customers that might otherwise experience difficulty paying their natural gas bills this winter by allowing them to spread the costs (including past due balances) of winter heating service over the spring and summer of next year. In offering this mechanism, Piedmont is waiving the normal requirement that customers be current in their bills in order to be assigned to the Company’s equal payment plan. This means that customers who are in good standing on November 1, 2005, that experience difficulty paying their monthly bills this winter will have an additional option to maintain natural gas service by making reasonable monthly payments for that service.

11. Piedmont has calculated that based on a Benchmark Cost of Gas of \$13.00/dt, the average residential customer’s monthly equal payment plan bill (without arrearages) should

be in the range of \$100 to \$125 per month. This compares to a projected average January bill for a residential customer of \$250 to \$300 at a \$13.00 Benchmark Cost of Gas.

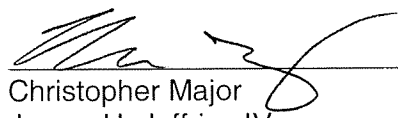
12. In addition, and pursuant to negotiations with the ORS, Piedmont is implementing a policy that no service terminations will occur if the forecasted average temperature for the next 48 hours is 32 degrees or below.

13. The modifications discussed herein are in addition to the other programs and practices in place to assist customers who are having difficulty paying their bills, which include entering into payment arrangements, LIHEAP assistance, Share the Warmth assistance, and referrals to social service agencies.

WHEREFORE, Piedmont Natural Gas Company, Inc. respectfully requests that the Commission grant a partial waiver of its Rule 103-440.5 in order to allow Piedmont to implement the temporary modifications to its equal payment plan provisions set forth above for the period November 1, 2005 through March 31, 2006.

Respectfully submitted, this the 27th day of October, 2005.

PIEDMONT NATURAL GAS COMPANY, INC.



Christopher Major
James H. Jeffries IV

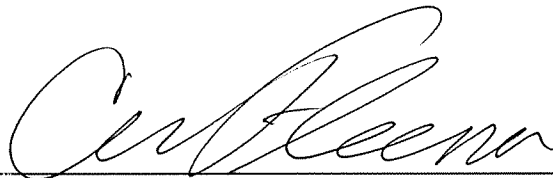
OF COUNSEL:

Moore & Van Allen PLLC
Bank of America Corporate Center
100 North Tryon Street, Suite 4700
Charlotte, North Carolina 28202-4003
Telephone: (704) 331-1079

STATE OF NORTH CAROLINA
COUNTY OF MECKLENBURG

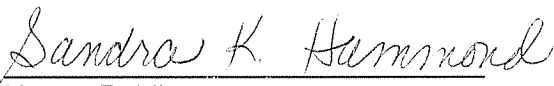
VERIFICATION

Chuck Fleenor, being duly sworn, deposes and says that he is Vice President of Corporate Planning and Rates of Piedmont Natural Gas Company, Inc., that as such, he has read the foregoing Petition and knows the contents thereof; that the same are true of his own knowledge except as to those matters stated on information and belief and as to those he believes them to be true.



Chuck Fleenor

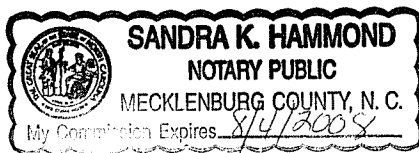
Sworn to and subscribed before me
this the 27th day of
October, 2005.



Notary Public

My Commission Expires:

August 4, 2008



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COUNTY